

THE FEDERAL DIRECT UNSUBSIDIZED LOAN *(Also known as Stafford Loan)*

A student can borrow up to \$20,500 per year through the Federal Direct Unsubsidized Loan program. Payments on the principal of the Federal Direct Unsubsidized Loan can be deferred while the student is enrolled at least half time. Stafford Loans for graduate students disbursed between July 1, 2021 and June 30, 2022 will have a fixed interest rate of 5.28%. If a student is applying for a Federal Direct Unsubsidized Loan for the first time at Penn State Law, he or she will need to complete the Master Promissory Note [online](#). Student loan amounts are split into two disbursements, one delivered at the beginning of each semester.

Borrowers should understand that a fee of 1.057% will be deducted from the gross amount of the loan borrowed. The borrower should expect to receive 1.057% less money than he or she asked to borrow. The borrower is responsible for paying any interest that accrues while he or she is a student. The loan servicer will give the borrower the option to make regularly scheduled interest payments, or the borrower may choose to capitalize his or her interest. Capitalization means that any interest that accrues while the borrower is a student is added to the principal of the loan, so the borrower has no payments while enrolled.

You must have completed a 2021-22 Free Application for Federal Student Aid (FAFSA) in order to be eligible for the Federal Direct Unsubsidized Loan. If you have not yet done so, you should complete the FAFSA on-line at <http://studentaid.gov>.

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HOW TO APPLY FOR A FEDERAL DIRECT UNSUBSIDIZED LOAN

To borrow a Federal Direct Unsubsidized Loan you will need to complete the Master Promissory Note by following these steps:

1. Visit <http://studentaid.gov>
2. From the "Complete Aid Process" section, under the option to Complete a Master Promissory Note, select Subsidized/Unsubsidized Loan MPN
3. Enter all requested information
4. Select "Pennsylvania State University" as your school (there is not a separate option for the School of International Affairs—you must select the main Penn State University) and press continue
5. Follow on-screen instructions the rest of the way through the promissory note process.

You must accept your desired loan amount on your financial aid award on [LionPath](#). If you wish to borrow a loan amount less than the maximum awarded, you will be able to make that adjustment while accepting the loan on [LionPath](#).

Before your student loans can disburse, you must log in at studentaid.gov and complete the student loan entrance counseling (under the "Complete Aid Process" heading), being careful to indicate that you are a graduate student.